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PART II

Other Notifications, Orders, etc.

GOVERNMENT OF PAKISTAN

Securities and Exchange Commission of Pakistan

NOTIFICATION

Islamabad, the 10th October, 2022

S.R.O. 1896 (1)/2022.- In exercise of the powers conferred by sub-section (4) of section 169 of the Securities Act, 2015 and section 114 of the Futures Market Act, 2016 (XIV of 2016), the securities and Exchange Commission of Pakistan hereby makes the following amendments to the securities Brokers (Licensing and Operations) Regulations, 2016, the same having been previously published in the official Gazette vide SRO 979 (I)/2022 dated 29th June, 2022 and were also placed on its website as required under the provision of the said sub-section (4),namely:-

(4487)

Price: Rs. 6.00

[9522(2022)/Ex.Gaz.]

AMENDMENTS

In the aforesaid Regulations, in schedule III-

- (1) at serial No. 1.5, under the heading "Hair Cut/Adjustments", in clause (I),-
 - (i) For the word "securities" wherever occurring, the word "security" shall be substituted;
 - (ii) For the words "securities Exchange", the words "Clearing House" shall be substituted;
 - (iii) After the amendment as aforesaid, the following new proviso shall be inserted, namely:-

"Provided that if any of these securities are pledged with the securities exchange for maintaining Base Minimum Capital Requirement, 100% haircut on the value of eligible securities to the extent of minimum required value of Base Minimum Capital.";
- (2) at serial No. 1.8,-
 - (i) Under the heading "Haircut/Adjustments", after the expression "100% of net Value", the expression " , however, any excess amount of cash deposited with securities exchange to comply with requirements of Base Minimum Capital, may be taken in the calculation of LC." Shall be inserted.
 - (ii) Under the heading "Net Adjusted Value" after the word "Nil", the words "or any excess cash amount." Shall be inserted.
- (3) at serial No. 1.17,
 - (i) Under the heading "Hair Cut/Adjustment", for the existing clause (vi) the following, namely:-

"(vi) In the case of amount receivable from related parties, values determined after applying applicable haircuts on underlying securities readily available in respective CDS account of the related party in the following manner:

 - a. Up to 30 days, values determined after applying VaR based haircuts;
 - b. Above 30 days but up to 90 days, values determined after applying 50% or VaR based haircuts whichever is higher;
 - c. Above 90 days, 100% haircut shall be applicable."
 - (ii) Under the heading "Net Adjustment Value", the following new clause (vi) shall be inserted namely:-

"vi. Lower of net balance sheet values or values determined through adjustments."
- (4) at serial No. 1.19, under the heading "Hair Cut/Adjustments",

- (i) the existing clause shall be renumbered renumbered as (i) and for the word “bell” with the word “been” shall be substituted;
 - (ii) after the clause (i), renumbered as aforesaid, the following new clause shall be inserted;
 - “(ii) In case of investments in IPO where shares have been allotted but not yet credited in CDS account, 25% haircuts will be applicable on the value of such securities.
 - (iii) In case of subscription in right shares where the shares have not yet been credited in CDS account, 15% or VaR based haircut whichever is higher, will be applied on Right Shares.”;
 - (iii) Under the heading, “Net Adjusted Value”, for the words “Net amount after deducting haircuts” the following shall be substituted, namely:—“Balance sheet value or Net value after deducting haircuts.”;
- (5) at serial No. 2.3, under the heading “Net Adjusted Value” for the words “Balance sheet value”, the words “Nil or Balance sheet Value as the case may be” shall be substituted.
- (6) at serial No. 2.4, under the heading “Net Adjusted Value”, after the word “adjustments”, the expression “(if any).” Shall be inserted.
- (7) at serial No. 3.1, under the heading “Hair Cut/Adjustment”,
- (i) before the word client-to-client the word “on” shall be inserted,
 - (ii) after the amendment as aforesaid, the following new proviso along with the note shall be inserted, namely:—
- “Provided that above prescribed adjustments shall not be applicable where the aggregate amount of receivable against margin financing does not exceed Rs.5 million.
- Note: Only amount exceeding by 10% of each finance from aggregate amount shall be included in the ranking liabilities.”
- (8) at serial No. 3.2, under the heading “Hair Cut/Adjustments”, the following note shall be inserted at the end, namely:—
- “Note: Only amount exceeding by 110% of each borrower from market value of shares borrowed shall be included in the ranking liabilities.”

[File No. SMD/SE/2(267)/2016]

